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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 3989
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6064
RUEHBJ/AMEMBASSY BEIJING 3758
RUEHKO/AMEMBASSY TOKYO 3617
RUEHIT/AMCONSUL ISTANBUL 4306
RUEKJCS/JOINT STAFF WASHDC
RUEAIIA/CIA WASHDC
RUCPDO/DEPT OF COMMERCE WASHDC
RHEFDIA/DIA WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUCNDT/USMISSION USUN NEW YORK 1364
RUEHVEN/USMISSION USOSCE 4243

UNCLAS SECTION 01 OF 02 ASHGABAT 001679

SENSITIVE
SIPDIS

STATE FOR SCA/CEN; EEB;
COMMERCE FOR DSTARKS/EHOUSE

E.O. 12958: N/A
TAGS: [ECON](#) [EFIN](#) [PGOV](#) [TX](#)
SUBJECT: TURKMENISTAN: SHOW ME THE NEW MONEY

REF: 08 ASHGABAT 1214

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11. (U) Sensitive but unclassified. Not for Internet distribution.

12. (SBU) The Turkmen Central Bank appears to have successfully phased in its redenominated currency (the Turkmen manat) over the last year, in accordance with an order to do so by President Berdimuhamedov in January 2009. In addition, the Central Bank in November announced it would introduce 1 and 2 manat coins by January 1, 2010, as additional monetary reforms. Central Bank Officials told us the 2 manat coin is a completely new denomination, and the 1 manat coin will accompany the 1 manat bill, but not replace it. The new coins are minted at the British Royal Mint; the coins will be multi-metallic, made from brass, nickel, and copper, similar to the make-up of British coins. The coins will depict the denomination amount on one side, with the Independence Monument against the background of a map of Turkmenistan on the other. There will be no image of current President Berdimuhamedov on either coin.

13. (SBU) Local Ashgabat shopkeepers we spoke with did not know anything about the introduction of new coins. They noted that there are already several coins in circulation. These coins are called tenge and are available in 1, 5, 10, 20, and 50 denominations, with 100 tenge equaling 1 manat. They opined that the introduction of two new manat coins might benefit the government (using coins is less expensive than replacing worn paper currency), but they saw little benefit for Turkmen merchants and consumers.

PHASING OUT THE OLD MONEY

14. (SBU) The older currency comprised 500, 1000, 5000, and 10,000 bills, whereas the newer currency, redenominated manat introduced in January 2009 includes: 1, 5, 10, 20, 50, 100, and rarely seen 500 manat banknotes (reftel). Locals

recounted that when the old manat was in print, the government refused to print any bills larger than 10,000 for fear that such high denominations would embarrass then President Niyazov. This reportedly resulted in the need for Turkmen to carry large amounts of paper bills to make even simple purchases for basic needs. In addition, all denominations of the older bills contained images of former President Niyazov, while the new currency does not contain any images of Berdimuhamedov. (NOTE: The 500 new mant bill has an image of President Niyazov, but no one has seen a 500 manat bill. END NOTE.)

15. (SBU) During 2009, the older currency seems to have been phased out in an orderly fashion, although most sales persons still quote prices based on the old currency and then divide by 5,000 to convert to the new manat. By January 1, 2010, Turkmen banks will not accept transactions in older manat and businesses are not to accept any of the old bills. After January 1, Turkmen will still be able to exchange the older manat for new manat at the Turkmen Economic Bank. A local contact told us that his friend, who works at the Economic Bank, has been shredding old manat in the basement of the bank for months to ensure that all the old manat were destroyed by the end of 2009. Turkmenistan's current exchange rate is 2.842 manat to 1 USD, and both Turkmen officials and international financial organizations such as the IMF have lauded Turkmenistan's successful currency redenomination as a significant economic reform.

16. (SBU) COMMENT: The latest currency change seems to stem from Berdimuhamedov's desire to have Turkmenistan viewed as an economically progressive country with a normal monetary system. The redonomination is one reform that has worked.

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END COMMENT.
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